Amendments to the Claims:

Please amend claims 1-30, 34-71, 73-81, 83-84, 86-89, and 91 in accordance with the list of claims that begins on the following page, and which replaces all prior versions of claims in the application.

List of Claims:

1. (currently amended) A method for presenting a virtual reality setting for an interaction, the method comprising the following operations:

presenting on a display a series of concatenated pictures of the real world to provide a real world background scene having life-like movement;

presenting on the display a series of video clips of a real person, wherein the series of video clips present the appearance of a continuous and moving image of the real person on the display; wherein the series of video clips of the real person are presented on the display contiguous with the real world background scene and completely within outside edges of the real world background scene on the display;

presenting on the display a three-dimensional representation of a playing area, wherein the three-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display;

presenting on the display a two-dimensional representation of the playing area, wherein the two-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display, and wherein the two-dimensional representation of the playing area is partially transparent to permit viewing a portion of the real world background scene through the two-dimensional representation of the playing area;

wherein the series of video clips of the real person, and the three-dimensional representation of the playing area, and the two-dimensional representation of the playing area are presented in separate nonoverlapping areas within the outside edges of the real world background scene;

wherein the real world background scene and the series of video clips of the real person and the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are visible substantially simultaneously on the display;

~~A method for presenting and controlling a digital background for a real-world setting in a computer display, the method comprising the following operations:~~

~~presenting a background;~~

inputting an operator's choice of action or inaction to a situation state module;

updating a current state based on the operator's action or inaction; and

using the current state by a decision logic to determine how to control the ~~background in the setting~~ real world background scene.

2. (currently amended) The method of claim 1, further comprising the operation of sending a selection of control of the real world background scene to [[a]] the display.

3. (original) The method of claim [[1]] 2, further comprising the operation of interacting with a video controller to modify the real world background scene after utilizing the decision logic.

4. (currently amended) The method of claim [[1]] 3, ~~wherein the operation of presenting the background comprises continuously streaming video.~~

wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area show a same state of the interaction, and wherein the two-dimensional representation of the playing area shows all movement shown in the three-dimensional representation of the playing area.

5. (currently amended) The method of claim [[1]] 4, ~~wherein the background is a digital background, and wherein the operation of presenting the background comprises providing a series of concatenated still pictures generated to provide life-like movement in the background.~~ wherein the series of video clips of the real person are presented on the display contiguous with a portion of the three-dimensional representation of the playing area.

6. (currently amended) The method of claim [[1]] 5, further comprising the following operations:

using the current state by the decision logic to determine a response in the virtual reality setting by [[a character]] the image of the real person; and

modifying the [[character]] image of the real person on the display.

7. (currently amended) The method of claim [[1]] 6, ~~further comprising the operation of presenting a series of individual video clips that are joined into the appearance of a continuous streaming image of a character.~~
wherein the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are not contiguous on the display.

8. (currently amended) The method of claim [[1]] 7, ~~further comprising the operation of presenting a three-dimensional representation of a playing area.~~
further comprising presenting words on the display completely within the outside edges of the background scene on the display.

9. (currently amended) The method of claim [[1]] 8, ~~further comprising the operation of presenting a two-dimensional representation of a playing area.~~
further comprising the operations of:
using the current state by the decision logic to determine a response by the image of the real person on the display; and
modifying the image of the real person on the display.

10. (currently amended) The method of claim [[1]] 9, ~~further comprising the following operations:~~

~~presenting a three-dimensional representation of a playing area; and~~

~~simultaneously presenting a two-dimensional representation of the playing area.~~

wherein the two-dimensional representation of the playing area shows all corresponding movement in both time and space from a game shown in the three-dimensional representation of the playing area.

11. (currently amended) A method for presenting a virtual reality setting for an interaction, the method comprising the following operations:

presenting on a display a series of concatenated pictures of the real world to provide a real world background scene having life-like movement;

presenting on the display a series of video clips of a real person, wherein the series of video clips present the appearance of a continuous and moving image of the real person on the display; wherein the series of video clips of the real person are presented on the display contiguous with the real world background scene and completely within outside edges of the real world background scene on the display;

presenting on the display a three-dimensional representation of a playing area, wherein the three-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display;

presenting on the display a two-dimensional representation of the playing area, wherein the two-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display, and wherein the two-dimensional representation of the playing area is partially transparent to permit viewing a portion of the real world background scene through the two-dimensional representation of the playing area;

wherein the series of video clips of the real person, and the three-dimensional representation of the playing area, and the two-dimensional representation of the playing area are presented in separate nonoverlapping areas within the outside edges of the real world background scene;

wherein the real world background scene and the series of video clips of the real person and the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are visible substantially simultaneously on the display;

~~A method for presenting a character for an interaction, the method comprising the following operations:~~

~~presenting a series of individual video clips that are joined into the appearance of a continuous streaming image of the character;~~

inputting a human operator's choice of action or the operator's inaction;

updating a current state based on the operator's action or inaction;

using the current state by a decision logic to determine a response by the image of the real person presented on the display ~~in a setting by the character~~; and

modifying the ~~character~~ image of the real person presented on the display.

12. (currently amended) The method of claim 11, further comprising the operation of controlling the [[character]] image of the real person presented on the display in response to situations in a game.

13. (currently amended) The method of claim [[11]] 12, further comprising the operation of controlling the [[character]] image of the real person presented on the display in response to the time between moves by the human operator.

14. (currently amended) The method of claim [[11] 13, further comprising the operation of providing motion of the [[character]] image of the real person presented on the display in a time-dependent manner based on interaction with the human operator.

15. (currently amended) The method of claim [[11]] 14, further comprising the operation of using a series of triggers to control the [[character]] image of the real person presented on the display with responses that are different depending on a game situation.

16. (currently amended) The method of claim [[11]] 15, further comprising the operation of using a series of triggers to control the [[character]] image of the real person presented on the display with responses that are different depending on a game situation, and that are continuous, wherein the responses include movements both during and between game moves of the [[character]] image of the real person presented on the display and the human operator.

17. (currently amended) The method of claim [[11]] 16, further comprising the operation of using a series of triggers for controlling the [[character]] image of the real person presented on the display in response to game situations, wherein the game situations include actions and inaction by the human operator, and include the time between moves by the human operator.

18. (currently amended) The method of claim [[11]] 17, further comprising the operation of using triggers to control responses of the [[character]] image of the real person presented on the display, wherein the triggers include the human operator's sequence of moves during a game.

19. (currently amended) The method of claim [[11]] 18, further comprising the operation of using triggers to control responses of the [[character]] image of the real person presented on the display, wherein the triggers include the human operator's strategic position in a game.

20. (currently amended) The method of claim [[11]] 19, wherein the operation of modifying the [[character]] image of the real person presented on the display comprises interacting decision logic with a video controller.

21. (currently amended) The method of claim [[11]] 20, wherein the operation of modifying the [[character]] image of the real person presented on the display comprises making a direct change to the [[character]] image of the real person presented on the display.

22. (currently amended) The method of claim [[11]] 20, wherein the operation of modifying the [[character]] image of the real person presented on the display comprises using a library of videos.

23. (currently amended) The method of claim [[11]] 22, wherein the [[character]] image of the real person presented on the display is an opponent in a game.

24. (currently amended) The method of claim [[11]] 23, ~~further comprising the operation of continuously streaming video to present a background.~~

wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area show a same state of the interaction, and wherein the two-dimensional representation of the playing area shows all movement shown in the three-dimensional representation of the playing area.

25. (currently amended) The method of claim [[11]] 24, further comprising the following operations:

using the current state by the decision logic to determine how to control [[a background in the setting]] the real world background scene; and

sending a selection of control of the real world background scene to [[a]] the display~~; and continuously streaming video to present the background~~.

26. (currently amended) The method of claim [[11]] 25, ~~further comprising the operation of presenting a digital background by providing a series of concatenated still pictures generated to provide life-like movement in the background.~~
wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area include the positions of playing pieces on a playing board representing the state of the game.

27. (currently amended) The method of claim [[11]] 26, ~~further comprising the operation of presenting a three-dimensional representation of a playing area.~~
wherein the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are not contiguous.

28. (currently amended) The method of claim [[11]] 27, ~~further comprising the operation of presenting a two-dimensional representation of a playing area.~~
wherein the series of video clips of the real person are presented on the display contiguous with a portion of the three-dimensional representation of the playing area.

29. (currently amended) The method of claim [[11]] 28, ~~further comprising the following operations:~~

~~presenting a three-dimensional representation of a playing area; and~~

~~simultaneously presenting a two-dimensional representation of the playing area; and~~

~~wherein the three-dimensional representation and the two-dimensional representation are presented on a single video screen.~~
wherein the operations further comprise, the human operator moving one of the playing pieces in the game.

30. (currently amended) A method for presenting a virtual reality setting for an interaction, the method comprising the following operations:

presenting on a display a series of concatenated pictures of the real world to provide a real world background scene having life-like movement;

presenting on the display a series of animation clips of a character, wherein the series of animation clips present the appearance of a continuous and moving animated character on the display; wherein the series of animation clips of the character are presented on the display contiguous with the real world background scene and completely within outside edges of the real world background scene on the display;

presenting on the display a three-dimensional representation of a playing area, wherein the three-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display;

presenting on the display a two-dimensional representation of the playing area, wherein the two-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display, and wherein the two-dimensional representation of the playing area is partially transparent to permit viewing a portion of the real world background scene through the two-dimensional representation of the playing area;

wherein the series of animation clips of the character, and the three-dimensional representation of the playing area, and the two-dimensional representation of the playing area are presented in separate nonoverlapping areas within the outside edges of the real world background scene;

wherein the real world background scene and the series of animation clips of the character and the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are visible substantially simultaneously on the display;

~~A method for presenting a character for an interaction, the method comprising the following operations:~~

~~presenting a series of individual animation clips that are joined into the appearance of a continuous streaming image of a character;~~

inputting an operator's choice of action or the operator's inaction;

updating a current state based on the operator's action or inaction;

using the current state by a decision logic to determine a response in a setting by the character; and

modifying the character.

31. (original) The method of claim 30, wherein the operation of modifying the character comprises using a library of animations.

32. (original) The method of claim 30, wherein the animation is cell animation.

33. (original) The method of claim 30, wherein the animation is clay animation.

34. (currently amended) The method of claim [[30]] 31, further comprising the operation of using the current state by the decision logic to determine how to control [[a background in the setting]] the real world background scene.

35. (currently amended) The method of claim [[30]] 34, ~~further comprising the following operations:~~

~~presenting a three-dimensional representation of a playing area; and~~

~~presenting a two-dimensional representation of the playing area; and~~

~~wherein the three-dimensional representation and the two-dimensional representation are simultaneously presented on a single video screen.~~

wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area show a same state of the interaction, and wherein the two-dimensional representation of the playing area shows all movement shown in the three-dimensional representation of the playing area.

36. (currently amended) ~~A method for presenting a virtual reality setting for transferring information pertaining to a gaming situation to a human operator, the method comprising the following operations:~~

~~presenting a three-dimensional representation of a playing area; and~~

~~presenting a two-dimensional representation of the playing area; and~~

~~wherein the three-dimensional representation and the two-dimensional representation are simultaneously presented on a single video screen to allow the human operator to simultaneously observe action in both two and three dimensions.~~

A method for presenting a virtual reality setting for an interaction, the method comprising the following operations:

presenting on a display a series of concatenated pictures of the real world to provide a real world background scene having life-like movement;

presenting on the display a series of video clips of a real person, wherein the series of video clips present the appearance of a continuous and moving image of the real person on the display; wherein the series of video clips of the real person are presented on the display contiguous with the real world background scene and completely within outside edges of the real world background scene on the display;

presenting on the display a three-dimensional representation of a playing area, wherein the three-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display;

presenting on the display a two-dimensional representation of the playing area, wherein the two-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display, and wherein the two-dimensional representation of the playing area is partially transparent to permit viewing a portion of the real world background scene through the two-dimensional representation of the playing area;

wherein the series of video clips of the real person, and the three-dimensional representation of the playing area, and the two-dimensional representation of the playing area are presented in separate nonoverlapping areas within the outside edges of the real world background scene;

wherein the real world background scene and the series of video clips of the real person and the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are visible substantially simultaneously on the display;

wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area show a same state of the interaction, and wherein the two-

dimensional representation of the playing area shows all movement shown in the three-dimensional representation of the playing area;

inputting a human operator's choice of action or inaction to a situation state module;

updating a current state based on the human operator's action or inaction;

using the current state by a decision logic to determine how to control the real world background scene;

sending a selection of control of the real world background scene to the display;

using a series of triggers to control responses of the image of the real person presented on the display, wherein the responses are continuous and are determined by game situations, wherein the game situations include actions and inaction by the human operator, and include the time between moves by the human operator, and the human operator's sequence of moves during a game, and the human operator's strategic position in the game, and wherein the responses of the image of the real person include movements both during and between game moves of the image of the real person and of the human operator;

modifying the image of the real person presented on the display;

providing motion of the image of the real person presented on the display in a time-dependent manner based on interaction with the human operator;

wherein controlling the responses of the image of the real person presented on the display comprises using a library of videos and interacting decision logic with a video controller;

wherein the decision logic uses the current state to determine the response by the image of the real person presented on the display;

wherein the operation of presenting on the display a series of concatenated pictures of the real world to provide a real world background scene having life-like movement comprises continuously streaming video;

wherein the two-dimensional representation of the playing area is a top-down view; and

wherein the series of video clips of the real person are presented on the display contiguous with a portion of the three-dimensional representation of the playing area.

37. (currently amended) The method of claim 36, ~~wherein:~~

~~the three-dimensional view is a side view of the playing area as would be seen in real life;~~ ~~and~~

~~the two-dimensional view is a top-down view.~~

wherein the interaction is a game, and wherein the playing area includes a playing board, and wherein the playing area further includes playing pieces.

38. (currently amended) The method of claim 37, ~~wherein the two-dimensional view is see-through.~~

wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area show the state of the interaction.

39. (currently amended) The method of claim 38, ~~further comprising the following operations:~~

~~continuously streaming video of a background scene; and~~

~~setting a character against the background.~~

wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area include the positions of the pieces on the playing board representing the state of the game.

40. (currently amended) The method of claim 39, ~~wherein the setting operation comprises presenting a series of individual video clips that are joined into the appearance of a continuous streaming image of the character.~~

wherein the two-dimensional representation of the playing area shows all corresponding movement in both time and space from the game shown in the three-dimensional representation.

41. (currently amended) The method of claim 40, ~~wherein the setting operation further comprises providing motion of the character in a time-dependent manner based on interaction with the human operator.~~

wherein the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are not contiguous on the display.

42. (currently amended) ~~A method for presenting a digital environment for an interaction, comprising the following operations:~~

~~presenting a background;~~

~~setting a character against the background;~~

~~presenting a three-dimensional representation of a playing area; and~~

~~presenting a two-dimensional representation of the playing area; and~~

~~wherein the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are presented simultaneously.~~

A method for presenting a virtual reality setting for an interaction, the method comprising the following operations:

presenting on a display a series of concatenated pictures of the real world to provide a real world background scene having life-like movement;

presenting on the display a series of video clips of a real person, wherein the series of video clips present the appearance of a continuous and moving image of the real person on the display; wherein the series of video clips of the real person are presented on the display contiguous with the real world background scene and completely within outside edges of the real world background scene on the display;

presenting on the display a three-dimensional representation of a playing area, wherein the three-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display;

presenting on the display a two-dimensional representation of the playing area, wherein the two-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display, and wherein the two-dimensional representation of the playing area is partially transparent to permit viewing a portion of the real world background scene through the two-dimensional representation of the playing area;

wherein the series of video clips of the real person, and the three-dimensional representation of the playing area, and the two-dimensional representation of the playing area are presented in separate nonoverlapping areas within the outside edges of the real world background scene;

wherein the real world background scene and the series of video clips of the real person and the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are visible substantially simultaneously on the display;

inputting a human operator's choice of action or inaction to a situation state module;

updating a current state based on the human operator's action or inaction;

using the current state by a decision logic to determine how to control the real world background scene;

using the current state by the decision logic to determine a response by the image of the real person presented on the display; and

modifying the image of the real person presented on the display.

43. (currently amended) The method of claim 42, ~~wherein the setting operation comprises presenting a continuously streaming video of the character, and wherein the character is a representation of a real-world potential player.~~
wherein the interaction is a game.

44. (currently amended) The method of claim [[42]] 43, ~~wherein the setting operation comprises presenting a continuously streaming animation of the character, and~~ wherein the [[character]] image of the real person is an opponent in [[a]] the game.

45. (currently amended) The method of claim [[42]] 44, wherein ~~the setting operation comprises presenting a series of individual video clips that are joined into the appearance of a continuous streaming image of the character.~~
the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are not contiguous.

46. (currently amended) The method of claim [[42]] 45, ~~wherein the setting operation comprises presenting a series of individual animation clips that are joined into the appearance of a continuous streaming image of the character.~~
wherein the series of video clips of the real person are presented on the display contiguous with a portion of the three-dimensional representation of the playing area.

47. (currently amended) The method of claim [[42]] 46, further comprising the operation of controlling the [[character]] image of the real person in response to actions of [[a]] the human operator.

48. (currently amended) The method of claim [[42]] 47, further comprising the operation of controlling the [[character]] image of the real person in response to inaction of [[a]] the human operator.

49. (currently amended) The method of claim [[42]] 48, further comprising the operation of continuously controlling the [[character]] image of the real person in response to actions and inaction of [[a]] the human operator.

50. (currently amended) The method of claim [[42]] 49, further comprising the operation of controlling the [[character]] image of the real person in response to the time between moves by [[a]] the human operator.

51. (currently amended) The method of claim [[42]] 50, further comprising the operation of affecting the situation state of the [[environment]] setting responsive to an action or to inaction by the human operator.

52. (currently amended) The method of claim [[42]] 51, further comprising the operation of using a series of triggers to control the [[character]] image of the real person with responses that are different depending on a game situation.

53. (currently amended) The method of claim [[42]] 52, further comprising the operation of using a series of triggers to control the [[character]] image of the real person with responses that are different depending on [[a]] the game situation, and wherein the responses include movements both during and between game moves of the [[character]] image of the real person and a human operator.

54. (currently amended) The method of claim [[42]] 53, further comprising the operation of using triggers to control responses of the [[character]] image of the real person, wherein the triggers include [[a]] the human operator's sequence of moves during [[a]] the game.

55. (currently amended) The method of claim [[42]] 54, further comprising the operation of using triggers to control responses of the [[character]] image of the real person, wherein the triggers include [[a]] the human operator's strategic position in [[a]] the game.

56. (currently amended) The method of claim [[42]] 55, further comprising the operation of using a current situation state of the interaction to determine a response in the [[environment]] setting by the [[character]] image of the real person , wherein the [[character]] image of the real person is a computer-controlled player in [[a]] the game.

57. (currently amended) The method of claim [[42]] 56, further comprising the operation of interacting the decision logic with a video controller to modify the [[character]] image of the real person.

58. (currently amended) The method of claim [[42]] 57, further comprising the operation of modifying the [[character]] image of the real person by making a direct change to the [[character]] image of the real person.

59. (currently amended) The method of claim [[42]] 57, further comprising the operation of modifying the [[character]] image of the real person using a library of videos.

60. (currently amended) The method of claim [[42]] 59, ~~further comprising the operation of modifying the character using a library of animations.~~
further comprising presenting words on the display completely within the outside edges of the background scene on the display.

61. (currently amended) The method of claim [[42]] 30, wherein the character is an animated character, and wherein the animation is a cartoon.

62. (currently amended) The method of claim [[42]] 60, ~~wherein the character is an animated character, and wherein the animation is cell animation.~~
wherein the interaction is a board game.

63. (currently amended) The method of claim [[42]] 62, ~~wherein the character is an animated character, and wherein the animation is clay animation.~~

wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area show a same state of the interaction, and wherein the two-dimensional representation of the playing area shows all movement shown in the three-dimensional representation of the playing area.

64. (currently amended) The method of claim [[42]] 63, ~~further comprising the following operations:~~

~~inputting an operator's choice of action or the operator's inaction to a situation state module;~~

~~updating a current state based on the operator's action or inaction; and~~

~~using the current state by a decision logic to determine a response in the environment by the character, wherein the character is a computer-controlled player.~~
wherein the real world background scene includes trees, grass, and a sky.

65. (currently amended) The method of claim 64, further comprising the operation of putting the human operator's course of action in place and sending it to [[a]] the display.

66. (currently amended) The method of claim [[64]] 65, ~~further comprising the operation of using the current state by the decision logic to determine how to control the character and the background in the environment.~~
wherein the interaction is a game of checkers.

67. (currently amended) The method of claim 66, further comprising the operation of putting a selection of [[the]] a control of the [[character]] image of the real person and a selection of a

control of the real world background scene in place, and sending [[them]] the selected controls to [[a]] the display.

68. (currently amended) The method of claim [[42]] 67, ~~further comprising the following operations:~~

~~inputting the operator's choice of action or the operator's inaction to a situation state module;~~

~~updating a current state based on the operator's action or inaction; and~~

~~using the current state by a decision logic to determine how to control the background in the environment.~~

wherein the operations further comprise presenting text on the display indicating a player's turn in the game, wherein the text is presented completely within the outside edges of the real world background scene on the display, and wherein the text is presented on the display above the two-dimensional representation of the playing area.

69. (currently amended) The method of claim [[42]] 68, further comprising the operation of relating [[a]] the current [[situation]] state and current triggers to a course of action and to videos to determine the most appropriate update to the [[environment]] setting.

70. (currently amended) The method of claim [[42]] 69, further comprising the operation of presenting courses of action to the display after utilizing [[appropriate]] the decision logic, wherein the decision logic is a computer algorithm.

71. (currently amended) The method of claim [[42]] 70, further comprising the operation of interacting with a video controller to modify the [[character]] image of the real person and the real world background scene in the environment after utilizing [[appropriate]] the decision logic.

72. (original) The method of claim 42, wherein the operation of presenting the background comprises continuously streaming video.

73. (currently amended) The method of claim [[42]] 71, further comprising the operation of providing information regarding [[the]] a current situational state on [[a]] the display.

74. (currently amended) The method of claim [[42]] 73, wherein the interaction is a game, and wherein the playing area includes a playing board, and wherein the playing area further includes playing pieces.

75. (currently amended) The method of claim [[42]] 74, wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area include the state of the interaction.

76. (currently amended) The method of claim [[42]] 75, wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area include the positions of the pieces on [[a]] the playing board representing the state of [[a]] the game.

77. (currently amended) The method of claim [[42]] 76, wherein the three-dimensional representation of the playing area is a view as would be seen in real-life from a player's perspective.

78. (currently amended) The method of claim [[42]] 77, wherein the two-dimensional representation of the playing area is a top-down view of the playing area~~, and is positioned in front of the background, and is transparent~~.

79. (currently amended) The method of claim [[42]] 78, wherein the two-dimensional representation of the playing area shows all corresponding movement in both time and space from [[a]] the game shown in the three-dimensional representation.

80. (currently amended) ~~A method for presenting a virtual reality setting for an interaction, the method comprising the following operations:~~

~~presenting a background;~~

~~setting a character against the background;~~

A method for presenting a digital environment for an interaction, the method comprising the following operations:

presenting on a display a series of concatenated pictures of the real world to provide a real world background scene having life-like movement;

presenting on the display a series of video clips of a real person, wherein the series of video clips present the appearance of a continuous and moving image of the real person on the display; wherein the series of video clips of the real person are presented on the display contiguous with the real world background scene and completely within outside edges of the real world background scene on the display;

presenting on the display a three-dimensional representation of a playing area, wherein the three-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display;

presenting on the display a two-dimensional representation of the playing area, wherein the two-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display, and wherein the two-dimensional representation of the playing area is partially transparent to permit viewing a portion of the real world background scene through the two-dimensional representation of the playing area;

wherein the series of video clips of the real person, and the three-dimensional representation of the playing area, and the two-dimensional representation of the playing area are presented in separate nonoverlapping areas within the outside edges of the real world background scene;

wherein the real world background scene and the series of video clips of the real person and the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are visible substantially simultaneously on the display;

wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area show a same state of the interaction, and wherein the two-dimensional representation of the playing area shows all movement shown in the three-dimensional representation of the playing area;

inputting an operator's choice of action or inaction;

updating a current state based on the operator's action or inaction;

using the current state by a decision logic to determine a response in the [[setting]] environment by the [[character]] image of the real person; and

modifying the [[character]] image of the real person using a library of videos.

81. (currently amended) The method of claim 80, further comprising the operations of:

using the current state by the decision logic to determine how to control the real world background scene in the [[setting]] environment;

interacting with a video controller to modify the background after utilizing the decision logic; and

sending a selection of control of the background to [[a]] the display.

82. (original) The method of claim 81, wherein the operation of presenting the background comprises continuously streaming video.

83. (currently amended) The method of claim 82, ~~further comprising the following operations:~~

~~presenting a three-dimensional representation of a playing area; and~~

~~presenting a two-dimensional representation of the playing area; and~~

~~wherein the three-dimensional representation and the two-dimensional representation are simultaneously presented on a single video screen.~~

wherein the series of video clips of the real person are presented on the display contiguous with a portion of the three-dimensional representation of the playing area.

84. (currently amended) A method for presenting a virtual reality environment for an interaction, the method comprising the following operations:

~~presenting a streaming video of a real-world background scene;~~

~~presenting a series of individual video clips that are joined into the appearance of a continuous streaming image of a real-world character;~~

presenting on a display a series of concatenated pictures of the real world to provide a real world background scene having life-like movement;

presenting on the display a series of video clips of a real person, wherein the series of video clips present the appearance of a continuous and moving image of the real person on the display; wherein the series of video clips of the real person are presented on the display contiguous with the real world background scene and completely within outside edges of the real world background scene on the display;

presenting on the display a three-dimensional representation of a playing area, wherein the three-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display;

presenting on the display a two-dimensional representation of the playing area, wherein the two-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display, and wherein the two-dimensional representation of the playing area is partially transparent to permit viewing a portion of the real world background scene through the two-dimensional representation of the playing area;

wherein the series of video clips of the real person, and the three-dimensional representation of the playing area, and the two-dimensional representation of the playing area are presented in separate nonoverlapping areas within the outside edges of the real world background scene;

wherein the real world background scene and the series of video clips of the real person and the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are visible substantially simultaneously on the display;

wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area show a same state of the interaction, and wherein the two-dimensional representation of the playing area shows all movement shown in the three-dimensional representation of the playing area;

inputting an operator's choice of action or inaction;

updating a current state based on the operator's action or the operator's inaction;

using the current state by a decision logic to determine a response by the [[character]] image of the real person; and

modifying the [[character]] image of the real person; and

wherein the interaction is a game, and wherein the playing area includes a playing board, and wherein the playing area further includes playing pieces.

85. (original) The method of claim 84, further comprising the following operations:

using the current state by the decision logic to determine how to control the background in the environment; and

interacting with a video controller to modify the background after the decision logic uses the current state.

86. (currently amended) The method of claim 85, ~~further comprising the following operations:~~

~~presenting a three-dimensional representation of a playing area; and~~

~~simultaneously presenting a two-dimensional representation of the playing area to transmit information regarding a game to an operator and to permit the operator to simultaneously observe action in both two and three dimensions.~~

wherein the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are not contiguous on the display.

87. (currently amended) A method for presenting a virtual reality setting for an interaction, the method comprising the following operations:

presenting on a display a series of concatenated pictures of the real world to provide a real world background scene having life-like movement;

presenting on the display a series of video clips of a real person, wherein the series of video clips present the appearance of a continuous and moving image of the real person on the display; wherein the series of video clips of the real person are presented on the display contiguous with the real world background scene and completely within outside edges of the real world background scene on the display;

presenting on the display a three-dimensional representation of a playing area, wherein the three-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display;

presenting on the display a two-dimensional representation of the playing area, wherein the two-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display, and wherein the two-dimensional representation of the playing area is partially transparent to permit viewing a portion of the real world background scene through the two-dimensional representation of the playing area;

wherein the series of video clips of the real person, and the three-dimensional representation of the playing area, and the two-dimensional representation of the playing area are presented in separate nonoverlapping areas within the outside edges of the real world background scene;

wherein the real world background scene and the series of video clips of the real person and the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are visible substantially simultaneously on the display;

wherein the two-dimensional representation of the playing area and the three-dimensional representation of the playing area show a same state of the interaction, and wherein the two-dimensional representation of the playing area shows all movement shown in the three-dimensional representation of the playing area;

~~A method for presenting a virtual reality setting for an interaction, the method comprising the following operations:~~

~~presenting a streaming video of a real-world background scene;~~

~~presenting a series of individual video clips that are joined into the appearance of a continuous streaming image of a real-world character;~~

inputting an operator's choice of action or inaction;

updating a current state based on the operator's action or inaction;

using the current state by a decision logic to determine a response in the virtual reality setting by the ~~character~~ image of the real person; and

using the current state by the decision logic to determine a selection of how to control ~~video of the character~~ the image of the real person on the display and how to control ~~video of~~ the real world background scene on the display; and

wherein the interaction is a board game, and wherein the playing area includes a playing board, and wherein the playing area further includes playing pieces.

88. (currently amended) The method of claim 87, ~~further comprising the following operations:~~

~~presenting a three-dimensional representation of a playing area; and~~

~~simultaneously presenting a two-dimensional representation of the playing area to transmit information regarding a game to an operator and to permit the operator to simultaneously observe action in both two and three dimensions; and~~

~~wherein the character's response is a response in a game, and wherein the character is a computer-controlled opponent in the game.~~

wherein the series of video clips of the real person are presented on the display contiguous with a portion of the three-dimensional representation of the playing area.

89. (currently amended) A software product tangibly embodying a computer program for presenting a virtual reality digital environment for an interaction between [[a character]] an image of a real person and a human operator in a continuous fashion, the program comprising:

the situation state of the digital environment;

a course of action;

a library of videos;

a video controller; and

decision logic for relating current situation state triggers to the course of action and to the library of videos to determine a most appropriate update to the digital environment, and for interacting with the video controller to modify a [[character]] series of video clips of a real person and a real world background scene in the virtual reality environment presented on a display[[.]];

wherein the program is configured to perform the following operations:

presenting on the display a series of concatenated pictures of the real world to provide the real world background scene having life-like movement;

presenting on the display the series of video clips of the real person, wherein the series of video clips present the appearance of a continuous and moving image of the real person on the display; wherein the series of video clips of the real person are presented on the display

contiguous with the real world background scene and completely within outside edges of the real world background scene on the display;

presenting on the display a three-dimensional representation of a playing area, wherein the three-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display;

presenting on the display a two-dimensional representation of the playing area, wherein the two-dimensional representation of the playing area is presented on the display contiguous with the real world background scene and completely within the outside edges of the real world background scene on the display, and wherein the two-dimensional representation of the playing area is partially transparent to permit viewing a portion of the real world background scene through the two-dimensional representation of the playing area;

wherein the series of video clips of the real person, and the three-dimensional representation of the playing area, and the two-dimensional representation of the playing area are presented in separate nonoverlapping areas within the outside edges of the real world background scene; and

wherein the real world background scene and the series of video clips of the real person and the three-dimensional representation of the playing area and the two-dimensional representation of the playing area are visible substantially simultaneously on the display.

90. (original) The software product of claim 89, wherein the triggers include the human operator's sequence of moves during a game and the human operator's strategic position in the game.

91. (currently amended) The software product of claim 89, wherein the triggers include triggers for controlling the [[character]] image of the real person in response to game situations, wherein the game situations include actions and inaction by the human operator, and include the time between moves by the human operator.